

## *Small Business Investment Grant Fund*

The *Small Business Investment Grant Fund* was designed to assist Virginia's small businesses seeking to raise capital in support of their growth. Subject to qualification reviews, grant funds are provided to investors that provide capital to small businesses. The Grant Fund's goal is to encourage new investment that will provide a long-term benefit by increasing capital investment and creating jobs in Virginia.

### **Eligible Businesses:**

A Qualified Business must meet all of the following criteria:

- Have annual gross revenues of no more than \$5 million in its most recent fiscal year, and
- Have its principal office or facility in the Commonwealth, and
- Is engaged in business primarily in or does substantially all of its production in the Commonwealth, and
- May not have obtained during its existence more than \$5 million in aggregate gross cash proceeds from the issuance of its equity or debt investments, not including commercial loans from financial institutions, and
- Have no more than 50 employees who are employed within the Commonwealth.
- Sole Proprietorships are not Eligible Businesses.

### **Amount of Grant:**

- Grants shall be the lesser of 50% of the Qualified Investment or \$50,000.
- Lifetime \$250,000 maximum per investor.
- Annual \$250,000 maximum per small business.
- **Violation of the terms of the grant will result in forfeiture of grant proceeds and payment of interest.**

### **Eligible Investors:**

- An individual subject to Virginia State Income tax pursuant to § 58.1-320 or a special purpose entity established for the purpose of making investments for such an individual.
- An Eligible Investor may not be an individual who engages in the business of making debt or equity investments in private businesses, or any person who is a partner, shareholder, member, or owner of an entity that engages in such business.
- An Eligible Investor shall not be awarded a grant for any investment in a small business for which the Eligible investor has been or will be allowed a Virginia Tax Credit pursuant to § 58.1-339.4

### **Eligible Investments:**

- Is a cash investment in a Qualified Business in the form of equity or subordinated debt and made into a Qualified Business on or after July 1, 2019, but prior to January 1, 2022. Equity investment must remain in place for 2 years.
- If subordinated debt, the investment may not require principal repayment for the first 3 years after issuance, may be not guaranteed by any other person or secured by assets of the Business or any person, and must be subordinated to all indebtedness of the Qualified Business to national or state-chartered banks.

This information sheet does not contain all information concerning grant fund. If you have any questions, please feel free to contact the Virginia Small Business Financing Authority office at 804-371-8254 or visit our website <https://www.sbsd.virginia.gov>. Applications are available on the web site subject to grant availability.